

110TH CONGRESS
1ST SESSION

H. R. 3586

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for the production of certain material produced from organic matter which is available on a renewable or recurring basis.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 19, 2007

Mr. DUNCAN (for himself, Mr. BOSWELL, and Mr. GRAVES) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for the production of certain material produced from organic matter which is available on a renewable or recurring basis.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PRODUCTION OF CERTAIN BIOMATERIALS.**

4 (a) IN GENERAL.—Subpart D of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 (relating to business related credits) is amended by
7 inserting after section 40A the following new section:

1 **“SEC. 40B. USE OF RENEWABLE RESOURCE MATERIALS IN**
2 **MANUFACTURING BIOMATERIALS.**

3 “(a) GENERAL RULE.—For purposes of section 38,
4 the qualifying biomaterials credit determined under this
5 section is 25 cents for each pound of qualifying biomate-
6 rial produced by the taxpayer during the taxable year for
7 sale or use in the ordinary course of a trade or business
8 of the taxpayer.

9 “(b) LIMITATION.—

10 “(1) IN GENERAL.—The credit determined
11 under subsection (a) for any taxable year shall not
12 exceed \$125,000,000.

13 “(2) CONTROLLED GROUPS.—

14 “(A) IN GENERAL.—For purposes of this
15 subsection, all persons treated as a single em-
16 ployer under subsection (a) or (b) of section 52
17 or subsection (m) or (o) of section 414 shall be
18 treated as a single taxpayer.

19 “(B) INCLUSION OF FOREIGN CORPORA-
20 TIONS.—For purposes of subparagraph (A), in
21 applying subsections (a) and (b) of section 52
22 to this section, section 1563 shall be applied
23 without regard to subsection (b)(2)(C) thereof.

24 “(c) QUALIFYING BIOMATERIAL.—For purposes of
25 this section—

1 “(1) IN GENERAL.—The term ‘qualifying bio-
2 material’ means a commercial or industrial prod-
3 uct—

4 “(A)(i) which is produced by chemically or
5 biologically transforming feedstocks to produce
6 one or more compounds that are distinct from
7 the feedstocks, and

8 “(ii) at least 75 percent (by weight) of the
9 feedstocks which are used to produce such ma-
10 terial consist of organic matter that is available
11 on a renewable or recurring basis, or

12 “(B) which is a polymer resulting from the
13 polymerization of material described in para-
14 graph (1) as the sole monomer.

15 “(2) EXCEPTIONS.—Such term shall not in-
16 clude—

17 “(A) any food, feed, or fuel, and

18 “(B) any material which was produced in
19 total quantities of at least 1 million pounds per
20 year in 2000.

21 “(d) EXCLUSIONS.—This section shall not apply to—

22 “(1) any material resulting from a process the
23 primary purpose of which is the production of a
24 transportation fuel, and

1 “(2) any polymer produced from a monomer for
2 which credit is allowed under this section.

3 “(e) TERMINATION.—This section shall not apply to
4 any material produced after the 5-year period beginning
5 on the date of the enactment of this section.”.

6 (b) CREDIT PART OF GENERAL BUSINESS CREDIT.—
7 Section 38(b) of such Code is amended by redesignating
8 paragraphs (18) through (31) as paragraphs (19) through
9 (32), respectively, and by inserting after paragraph (17)
10 the following new paragraph:

11 “(18) the qualifying biomaterials credit deter-
12 mined under section 40B(a).”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to material produced in taxable
15 years ending after the date of the enactment of this Act.

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